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2012 NOV 26 PM 3:23
SC PUBLIC SERVICE
COMMISSION

November 26, 2012

Ms. Jocelyn Boyd
Chief Clerk
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, SC 29211

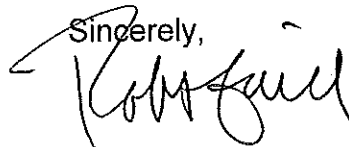
In Re: Petition of South Carolina Electric & Gas Company for Updates and Revisions to
Schedules Related to the Construction of a Nuclear Base Load Generation
Facility at Jenkinsville, South Carolina
Docket No. 2012-203-E

Dear Ms. Boyd::

Enclosed please find for filing and consideration the Petition for Rehearing or
Reconsideration by Sierra Club in the above docket, together with Certificate of Service
reflecting service upon all parties of record.

With kind regards I am

Sincerely,



Robert Guild

Encl.s
CC: All Parties

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BEFORE

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THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA
SC PUBLIC SERVICE
COMMISSION

DOCKET NO.2012-203-E

In Re: Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina)
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**PETITION FOR REHEARING OR
RECONSIDERATION BY
SIERRA CLUB**

Sierra Club, Intervenor in the above-referenced proceeding, hereby petitions the Commission pursuant to S.C. Code Ann. Section 58-27-2150 (Supp. 2011) and Rule 103-854 of the Commission's Rules, for rehearing or reconsideration of Order No. 2012-884, dated November 15, 2012, approving the Petition of South Carolina Electric & Gas Company for changes in the capital cost and construction schedules for its two unit V. C. Summer nuclear generating project, by adding some \$278 million in cost overruns to the previously approved capital cost budget; and a schedule delay of some eleven (11) months in the construction completion schedule.

Sierra Club urges the Commission to reconsider said Order, to correct the errors therein as set forth below, to reject said Petition and to require the Company to conduct and submit a full prudence review of abandoning the nuclear project in favor of a less costly alternative energy resource plan.

In support of this petition for rehearing or reconsideration of Order No. 2012-884, Sierra Club would respectfully show that:

1. The Commission erred in overlooking and misapprehending the nature and scope of the authority granted it by statute to modify its initial Base Load Review Order, Order No. 2009-104(A), applicable to this project.
2. The Commission erred in failing to properly apply the provisions of SC Code. Ann. §58-33-275 to SCE&G's Petition to include additional capital costs estimates in its Base Load Review Order.
3. The Commission erred in failing to conclude here, where it is proven by a preponderance of evidence that there has been a material and adverse deviation from the approved schedules, estimates and projections set forth in the Base Load Review Order, that it must disallow the additional capital costs that result from the deviation to the extent that the failure by the Utility to anticipate or avoid the deviation or to minimize the resulting expense was imprudent. S.C. Code Ann. §58-33-275(E).
4. The Commission erred in failing to conclude that SCE&G could, or should have anticipated or avoided the additional capital costs in question at the time of its initial Base Load Review Act (BLRA) application.
5. The Commission erred in failing to conclude that the evidence in the record compels a finding that in its rush to construct the nuclear plants, SCE&G sought and obtained its Base Load Review Order based on an incomplete, unapproved design for the Westinghouse AP 1000 model nuclear plant, while failing to anticipate and include adequate safeguards to avoid excessive additional capital costs.
6. The Commission erred in finding and concluding that the additional capital costs associated with Change Order 16 are reasonable and prudent and comport with the terms of the BLRA; where such costs were anticipated, or should have been anticipated

by SCE&G in its initial Base Load Review Act application, and are, therefore, imprudent under the BLRA. SCE&G assumed the risk of the additional costs associated with Change Order 16 which are not recoverable under the BLRA. Sections 58-33-250(1), 58-33-275(E).

7. The Commission erred in finding and concluding that the additional \$131.6 million in owner's costs requested in this docket are reasonable and prudent and comport with the terms of the BLRA; and in failing to find and conclude that SCE&G should have anticipated or avoided the additional \$131.6 million in owner's costs it seeks recovery of in this docket.

8. The Commission erred in finding and concluding the additional capital costs associated with transmission costs requested in this docket are reasonable and prudent and comport with the terms of the BLRA. The additional transmission costs could and should have been anticipated or avoided at the time of the Company's initial BLRA Application.

9. The Commission erred in finding and concluding that the additional costs sought for Cyber Security, Change Order 12 and Change Order 15 in this docket are reasonable and prudent and comport with the terms of the BLRA. The additional costs sought for Cyber Security, Change Order 12 and Change Order 15 could and should have been anticipated or avoided at the time of the Company's initial BLRA Application.

10. The Commission erred in failing to conclude that the BLRA requires consideration of the prudence of continuing to incur capital costs for a nuclear project where the evidence of material changed conditions compels the conclusion that incurring additional capital costs for constructing the project is now imprudent and where such

costs can be avoided by abandoning the nuclear project in favor of a less costly alternative energy resource plan.

10. The Commission erred in failing to conclude that the evidence in the record of material changed conditions regarding the costs of this project and feasible alternatives compels a finding that continuing to incur capital costs for the nuclear project is now imprudent where such costs can be avoided by abandoning the nuclear project in favor of a less costly alternative energy resource plan.

11. The Commission erred in interpreting the BLRA to preclude the consideration of "changes in fuel costs" in considering the prudence of abandoning construction of the nuclear project in favor of a less costly alternative energy resource plan.

12. The Commission erred in interpreting the BLRA to authorize the "routine" filing of capital cost update proceedings instead of requiring the utility to anticipate and avoid incurring imprudent costs to the detriment of ratepayers.

13. The Commission erred in interpreting the BLRA to preclude protecting ratepayers from imprudent capital costs of continued plant construction while authorizing the utility to recover even the costs of an abandoned nuclear plant project.

14. The Commission erred in concluding that the construction of the nuclear Units should continue and that the additional capital costs and schedule changes are not the result of imprudence on the part of SCE&G.

15. The Commission erred in rejecting the evidence presented by Sierra Club that the nuclear project was no longer prudent in light of available alternatives and finding that the evidence presented by SCE&G amply establishes the prudence of continued investment in the nuclear project.

16. The commission erred in finding that the evidence presented in this docket demonstrates that additional nuclear generation will bring considerable benefits of fuel diversity and the flexibility to respond to future environmental regulations to SCE&G's generation portfolio across a broad range of possible scenarios for fuel costs and environmental regulations.

17. The commission erred in finding that the Company made an affirmative and sufficient demonstration of the prudence of its nuclear construction program.

18. The Commission erred in concluding that the evidence in the record demonstrates that \$278.05 million in newly identified and itemized costs are the result of the normal evolution and refinement of construction plans and budgets for the Units and are not the result of imprudence on the part of SCE&G.

18. The Commission erred in concluding that these additional costs are reasonable, necessary and prudent costs that SCE&G is incurring as owner of the project to ensure that the project is constructed prudently, efficiently and economically, and to ensure that the Units can be operated and maintained safely and efficiently when they are completed.


19. The Comm erred in concluding that the evidence in the record shows that the delay in the substantial completion of Unit 2 and the acceleration of the completion of Unit 3 supports updating the construction milestones for the Units and is not the result of any imprudence on the part of SCE&G.

20. The Commission erred, based on the evidence presented by Sierra Club and its expert, Dr. Mark Cooper, in failing to require SCE&G to undertake a thorough evaluation the prudence of abandoning the nuclear project in favor of a less costly

alternative energy resource plan.

21. The Commission erred in its Order approving the Petition by SCE&G where said Order is arbitrary, capricious, an abuse of discretion, clearly erroneous, unsupported by substantial evidence, in violation of constitutional or statutory provisions, made upon unlawful procedure or affected by other error of law.

WHEREFORE: for the foregoing reasons, Sierra Club urges the Commission to reconsider said Order, to correct the errors therein as set forth below, to reject said Petition and to require the Company to conduct and submit a full prudence review of abandoning the nuclear project in favor of a less costly alternative energy resource plan.



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ATTORNEY FOR PETITIONER
SIERRA CLUB

November 26, 2012

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CERTIFICATE OF SERVICE

2012 NOV 26 PM 3:24

I hereby certify that on this date I served the above PETITION by placing copies of same in the United States Mail, first-class postage prepaid, addressed to:

SC PUBLIC SERVICE
COMMISSION

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